

Message Text

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ACTION ARA-10

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SSO-00 CU-02 EB-07 FEA-01 SY-05 USSS-00

SCCT-01 SAB-01 INT-05 COME-00 TRSE-00 OMB-01 SIL-01

LAB-04 /095 W

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R 202139Z FEB 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2086

INFO AMEMBASSY BOGOTA

AMEMBASSY GEORGETOWN

AMEMBASSY PORT OF SPAIN

AMEMBASSY PANAMA

AMEMBASSY TEHRAN

AMCONSUL CURACAO

C O N F I D E N T I A L CARACAS 2056

E.O. 11652: GDS

TAGS: PINT, PFOR, ENRG, OVIP, VE

SUBJECT: THIS WEEK IN VENEZUELA

SUMMARY. REACTION TO SECRETARY KISSINGER'S VISIT HAS BEEN FAVORABLE. PRESIDENT PEREZ AND TORRIJOS REPORTEDLY MET IN VENEZUELA FEBRUARY 19. STUDENT DISORDERS DYING DOWN. SUCCESSFUL U.S.-VENEZUELAN SYMPOSIUM. OIL CONCESSIONARIES RECEIVE COMPENSATION BONDS. NATIONAL OPERATING COMPANIES' TAX PAYMENTS DELAYED. GOV NOT SURPRISED BY IRANIAN OIL PRICE REDUCTION. UNESCO DIRECTOR GENERAL MAKES SHORT VISIT. LATIN AMERICAN ACADEMICS PROTEST FASCISM. END SUMMARY.

1. THIS WEEK IN CARACAS. THE GOV WAS PREOCCUPIED WITH THE SECRETARY'S FEBRUARY 16-18 VISIT, FOR WHICH IT MADE ELABORATE SECURITY PRECAUTIONS, AND DISTRACTED BY A COINCIDENTAL OUTBREAK
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OF STUDENT UNREST. THIS UNREST DID NOT MAR THE SECRETARY'S VISIT,

WHICH WAS A COMPLETE SUCCESS, BUT DID CAUSE THE GOV GREAT CONCERN WHICH RESULTED IN ITS OVERREACTING IN SEVERAL INSTANCES. BY THE END OF THE WEEK THE DISORDERS HAD DIED DOWN (SEE BELOW).

2. FAVORABLE REACTION TO SECRETARY'S VISIT. PRESIDENT PEREZ PUBLICLY DESCRIBED HIS TALKS WITH SECRETARY KISSINGER AS "VERY INTERESTING," AND FOREIGN MINISTER ESCOVAR STATED THAT THE SECRETARY'S VISIT HAD BEEN "VERY POSITIVE" AND COULD MARK THE BEGINNING OF CLOSER RELATIONS IN THE FUTURE BETWEEN THE U.S. AND LATIN AMERICA. AD SECRETARY GENERAL PINERUA SAID VENEZUELA SHOULD NOT EXPECT TOO MUCH FROM THE VISIT SINCE SUCH CONTACTS CONTAIN "MUCH RHETORIC AND THEORY AND DO NOT ACHIEVE PRACTICAL AND CONCRETE RESULTS." FOREIGN MINISTRY OFFICIALS HAVE TOLD US PRIVATELY THAT THEY CONSIDER THE VISIT A GREAT SUCCESS, AND THEIR OPINION IS WIDELY SHARED BY THE AVERAGE VENEZUELAN.

3. POSSIBLE PEREZ-TORRIJOS MEETING. PRESIDENTS PEREZ AND TORRIJOS REPORTEDLY MET SECRETLY FEBRUARY 19 ON AN OFFSHORE VENEZUELAN ISLAND. THE PRESS SPECULATED THAT PEREZ WANTED TO PASS ON SECRETARY KISSINGER'S COMMENTS REGARDING THE CANAL NEGOTIATIONS DURING HIS VISIT HERE. WE ARE ATTEMPTING TO CONFIRM THE REPORTED MEETING.

4. STUDENT DEMONSTRATIONS DECREASING. AS CALM WAS RESTORED AT THE CENTRAL UNIVERSITY (UCV), NATIONAL GUARD UNITS WERE WITHDRAWN FEBRUARY 19 AMIDST CHARGES THAT THE UNIVERSITY'S AUTONOMY HAD BEEN VIOLATED. INTERIOR MINISTER LEPAGE AND UCV AUTHORITIES AGREED THAT POLICE ACTION AT THE UNIVERSITY HAD BEEN "REGRETTABLE," AND THE STUDENTS ARRESTED FOR THEIR PART IN THE DISTURBANCES WERE RELEASED. ALTHOUGH LEPAGE INSISTED THAT THE SITUATION IN THE COUNTRY HAD RETURNED TO NORMAL, ON FEBRUARY 19 DEMONSTRATIONS CONTINUED IN A NUMBER OF INTERIOR CITIES WHICH LEFT 10 STUDENTS AND TWO POLICE INJURED. EDUCATION MINISTER PENALVER ANNOUNCED THAT SCHOOLS WILL REOPEN FEBRUARY 23 AND SAID THE OUTBREAK OF STUDENT UNREST AT THE TIME OF SECRETARY KISSINGER'S VISIT WAS A COINCIDENCE.

5. U.S.-VENEZUELAN SYMPOSIUM A SUCCESS. THE SECOND SYMPOSIUM ON U.S.-VENEZUELAN RELATIONS, WHICH MET FEBRUARY 16-18 AT THE MACUTO SHERATON HOTEL, WAS A GREAT SUCCESS. THE SYMPOSIUM, WHICH WAS ADDRESSED BY SECRETARY KISSINGER AND FOREIGN MINISTER ESCOVAR, DREW TOGETHER SO HIGH-LEVEL PARTICIPANTS FROM BOTH COUNTRIES, CONFIDENTIAL

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INCLUDING FEA ADMINISTRATOR ZARB, GOV. DUKAKIS OF MASSACHUSETTS, SEN. HART OF COLORADO, REP. CONTE OF MASSACHUSETTS, FORD FOUNDATION PRESIDENT BUNDY, THE PRESIDENTS OF WELLESLEY COLLEGE AND THE UNIVERSITY OF MASSACHUSETTS, HARVARD PROF. LEONTIEV, GEN. JAMES GAVIN, AND EXXON VICE PRESIDENT COX FROM THE U.S. AND SEVERAL VENEZUELAN CABINET MEMBERS, PETROVEN PRESIDENT ALFONZO, EX-FOREIGN MINISTER CALVANI, SEVERAL VENEZUELAN SENATORS AND DEPUTIES AND MANY PROMINENT BUSINESSMEN.

6. OIL CONCESSIONAIRES RECEIVE BONDS. IN A CEREMONY AT THE CENTRAL BANK ON FEBRUARY 13, THE FORMER OIL CONCESSIONAIRES RECEIVED THEIR COMPENSATION BONDS. IN A RELATED DEVELOPMENT, THE DELEGATED COMMISSION OF THE CONGRESS APPROVED A SUPPLEMENTAL APPROPRIATION OF BS.493 MILLION TO BE PAID IN CASH IN THREE INSTALLMENTS TO THE FORMER CONCESSIONAIRES FOR THEIR WAREHOUSE MATERIALS AND SUPPLIES.

7. NATIONAL OIL OPERATING COMPANIES WILL NOT PAY FIRST QUARTER TAXES. THE MINISTRY OF FINANCE AND THE CENTRAL BANK CONFIRMED THAT THE FOURTEEN NATIONAL OPERATING COMPANIES WILL NOT MAKE THEIR FIRST TAX PAYMENTS UNTIL MARCH 30 DUE TO THE FACT THAT PETROVEN'S INITIAL OIL SALES WERE MADE ON 60-DAY CREDIT TERMS. THE COMPANIES REPORTEDLY PAID BS.600 MILLION IN ROYALTIES FOR THE MONTH OF JANUARY. FINAL TAX PAYMENTS AMOUNTING TO BS.1 BILLION FROM THE FORMER CONCESSIONAIRES WERE PAID IN JANUARY.

8. REACTION TO IRANIAN OIL PRICE REDUCTION. VENEZUELAN MINES MINISTER HERNANDEZ STATES THAT THE IRANIAN 9.5 CENT PER BARREL REDUCTION IN THE HEAVY OIL PRICE ANNOUNCED THIS WEEK WAS NO SURPRISE. HERNANDEZ CONSIDERED IT TO BE A TECHNICAL REDUCTION - "IRAN POSSIBLY MADE A TECHNICAL ERROR ON A CERTAIN TYPE OF OIL" (WHEN SETTING THE PRICE ORIGINALLY), AS DID VENEZUELA ON LOW SULFUR FUEL OIL (IN 1975). HERNANDEZ INSISTED THAT THE BASIC OPEC PRICE STRUCTURE REMAINS INTACT.

9. UNESCO DIRECTOR GENERAL'S VISIT. UNESCO DIRECTOR GENERAL AMADOU MAHTAR M'BOW ARRIVED IN VENEZUELA FEBRUARY 19 FOR A THREE-DAY VISIT. THE FIRST DAY INCLUDED THE SIGNING OF AN AGREEMENT CREATING AN INTERNATIONAL CENTER OF TROPICAL ECOLOGY AND A DINNER OFFERED BY PRESIDENT PEREZ. M'BOW WILL ALSO VISIT THE SCIENTIFIC RESEARCH INSTITUTE (IVIC) AND MEET WITH OFFICIALS OF

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THE AYACUCHO SCHOLARSHIP PROGRAM BEFORE DEPARTING FOR BRAZIL FEBRUARY 22.

10. ANTI-FASCISTS MEET. A CONFERENCE BILLED AS THE SECOND MEETING OF LATIN AMERICAN UNIVERSITIES IN SOLIDARITY WITH THE UNIVERSITY OF CHILE AND AGAINST FASCISM WAS INSTALLED FEBRUARY 18 IN CARACAS. THE CONFERENCE IS BEING ATTENDED BY VARIOUS LATIN AMERICAN ACADEMICS AND MRS. SALVADOR ALLENDE AND IS SUPPORTED BY TWELVE VENEZUELAN UNIVERSITIES. CENTRAL UNIVERSITY RECOR RAFAEL NERI ADDRESSED THE OPENING SESSION.

11. OTHER SUBJECTS REPORTED SEPARATELY INCLUDE PRESIDENT PEREZ'S INVESTIGATION INTO THE OCCIDENTAL PETROLEUM BRIBERY CASE (CARACAS 1820), EFFORTS TO ASSIST GUATEMALA BY WORKERS AND INDUSTRY (CARACAS 1905), CIVIL DISTURBANCES UNRELATED TO SECRETARY'S

VISIT (CARACAS 1927), STUDENT DEMONSTRATIONS SPREAD THROUGHOUT
VENEZUELA (CARACAS 1979), VENEZUELAN ECONOMIC TRENDS-INDICATORS
(CARACAS A-21), OPEC GOVERNOR FLORES RESIGNS (CARACAS 2029),
AND ANDEAN PACT COMMISSION MEETING HELD (CARACAS 2046).
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